

The division at the top is killing us:

- a) it makes the Party and PLP fractious, worried and not knowing who to turn to;
- b) it gives the public an impression of paralysis and therefore drift, fatal to any government;
- c) it seems as if the division can be characterised as New Labour versus GB, the very thing the Tories want.

You (understandably) want to end the uncertainty by my going now. The argument is: the next election is GB versus DC so let's get our man in the ring now.

The problem is, to the public and my supporters, this will look like: the person they elected has been removed; for Labour Party not national interest reasons; and because he is New Labour, ie it will precisely underscore and give irretrievably powerful evidence in support of the Tory thesis. The result will be the desertion of the N.L. vote to a newish, resurgent Tory Party. It would be a defining moment and massively in the interests of the media and Tories to make it so.

You need to be the candidate of continuity and change. The second will be relatively easy to do. A different person is, by its nature, change.

The first, however, rests on a smooth transition. Critical to that, is not merely the absence of disunity in the handover; it is also the visible, clear demonstration that the person who most embodies N.L., ie me, is working hand in hand with the successor. In other words, a period when the two of us are working in harmony, driving through change together, is the essential precondition of such a smooth transition.

It allows me to give support to you as the proper inheritor of N.L; dispose of this extraordinary and deeply corrosive idea that I am indifferent to a Tory victory or worse, want it; and allows me to take the shine off DC and set the crucial policy tests for when his Policy Commissions report in 18 months time.

It allows you to be seen, with my active support, as the person who, most naturally, continues New Labour. It enables you to escape the equally corrosive

notion that you have been disloyal, simply too eager to get your hands on the job. Above all, it enables you to show that N.L. is as much you as me.

If this is the right analysis, then the issue is: how do we allow me to see through the framework of reform I believe in and leave on my own terms, voluntarily and in unity; and how do we allow you the clarity that you will be given support and the space to start setting out a new agenda and broadening the sense of you as a political leader?

I propose the following:

(1) across a range of areas, you are put in charge of future working groups. These areas could include:

- Party reform
- Democratic Renewal
- Business and the skills base
- Voluntary sector
- I had a thought: to put you in charge of the UK's contribution to the US greater Middle East initiative to develop democracy and counter-extremism in the Muslim world.

(2) We would establish a proper system of team-working with three on either side.

(3) We would brief, as soon as possible, that we were working closely together and give tangible proof of that at the earliest moment.

(4) I would make it clear at the 2006 Conference, it was my last; and go in the summer of 2007.

(5) In return, I need two things:

(a) full help and co-operation in getting through the reform agenda; NHS, schools, respect, welfare and energy. I know in some areas eg pensions, there will be differences; we have to resolve them; and

(b) a clear understanding that we should genuinely work in partnership together as a joint team. Whilst I remain PM, the final decision has to be

mine; and that this cannot provoke a breakdown. I will try, at all costs, to avoid disagreement, but there can't be stalemate if it happens.